

**POLICY & PROCEDURE**  
**ON**  
**ANTI MONEY LAUNDERING (AML)**  
**Of**  
**KNA SHARE BROKERS PVT. LTD.**

## **INTRODUCTION**

As per the provisions of the PMLA, every banking company, financial institution (which includes chit fund company, a co-operative bank, a housing finance institution and a non-banking financial company) and intermediary (which includes a stock-broker, share transfer agent, banker to an issue, trustee to a trust deed, registrar to an issue, merchant banker, underwriter, portfolio manager, investment adviser and any other intermediary associated with securities market and registered under Section 12 of the SEBI Act , shall have to maintain a record of all the transactions; the nature and value of which has been prescribed in the Rules under the PMLA.

### **1. BACKGROUND**

Pursuant to the recommendations made by the Financial Action Task Force on anti-money laundering standards, SEBI had issued the Guidelines on Anti Money Laundering Standards vide their notification No.ISD/CIR/RR/AML/1/06 dated 18th January 2006 and vide letter no. ISD/CIR/RR/AML/2/06 dated 20th March 2006 and vide Circular number CIR/MIRSD/1/2014 dated had issued the obligations of the intermediaries registered under Section 12 of SEBI Act, 1992. As per these SEBI guidelines, all intermediaries have been advised to ensure that proper policy frameworks are put in place as per the Guidelines on Anti Money Laundering Standards notified by SEBI.

The company follows a policy of strictly monitoring the FATF Guidelines issued from time to time. High risk and other monitored jurisdiction including grey list countries published by FATF are regularly updated in company's database. The public statements issued by FATF are duly adhered with and any inclusions and exclusions from the list of countries registered are updated by the company. Due diligence as prescribed by the regulator is conducted while registering any new client. In case of a client located outside India, additional details are sought while client registration.

Measures such as in-person verification, identification of Ultimate Beneficial Owner in case of non-individual accounts, pay-in payout of funds and securities from respectively mapped banks and demat accounts of clients, regular financial updation of clients are additional steps to avoid any form of Money Laundering or Financial Terrorisms. While registering clients residing in countries mentioned in UNSC List, government prescribed rules and regulations will be adhered to.

### **Meaning**

The Prevention of Money Laundering Act (“PMLA”) defines money laundering as: “directly or indirectly attempting to indulge or knowingly assisting or knowingly is a party or is actually involved in any process or activity connected with the proceeds of crime and projecting it as untainted property shall be guilty of offence of money laundering”.

Both money laundering (“ML”) and terrorist financing (“TF”) are criminal offences under the Laws of India. The Company and its employees are obligated to be aware of and report any potentially suspicious activity relating to the underlying crime, as well as to the potential laundering of funds. For example as a securities firm, employees must be alert to potential insider trading, market manipulation and other forms of securities fraud.

### **Prevention of Money Laundering Act, 2002**

Prevention of Money Laundering Act, 2002 (PMLA 2002) forms the core of the legal framework put in place by India to combat money laundering. PMLA 2002 and the Rules notified there under came into force with effect from July 1, 2005.

As per the provisions of the PMLA, every intermediary (which includes a stock-broker, authorised persons etc.) shall have to verify identity of clients, maintain a record of all the transactions; the nature and value of which has been prescribed in the Rules under the PMLA.

## **Financial Intelligence Unit (FIU) - INDIA**

The Government of India set up Financial Intelligence Unit-India (FIU-IND) on November 18, 2004 as an independent body to report directly to the Economic Intelligence Council (EIC) headed by the Finance Minister.

FIU-IND has been established as the central national agency responsible for receiving, processing, analysing and disseminating information relating to suspect financial transactions. FIU-IND is also responsible for coordinating and stretching efforts of national and international intelligence and enforcement agencies in pursuing the global efforts against money laundering and related crimes.

### **Objective of these Guidelines**

The purpose of this document is to guide all the employees on the steps that they are required to take and implement to prevent and identify any money laundering or terrorist financing activities. It shall be the responsibility of each of the concerned employees that they should be able to satisfy themselves that the measures taken by them are adequate, appropriate and follow the spirit of these measures and the requirements as enshrined in the "Prevention of Money Laundering Act, 2002".

## **2. CLIENT DUE DILIGENCE**

The Customer Due Diligence Process includes three specific parameters:

- Policy for Acceptance of Clients
- Client Identification Procedure
- Suspicious Transactions identification & reporting

### **2.1 Client acceptance and identification**

I. In case of individuals, basic documents pertaining to proof of identity and proof of address shall be collected. Such documents includes:

Proof of Identity (POI)	Proof of Address
PAN card with photograph	Utility bills
Aadhaar/ Passport/Voter ID card/Driving License	Bank Account Statement/Passbook- Not more than 3 months old.

Identity card/documents with application's Photo issued by Government and Regulators	Self-declaration by High Court and Supreme Court judges, giving the new address in respect of their own accounts
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II. PAN is mandatory in all the cases except in the following cases:

- People residing in the state of Sikkim provided such set of people submit sufficient documentary evidence proving the veracity of the claim. (MRD/DoP/Cir-02/2007).
- Officials appointed by Central Government, State Government and the Court for transacting in the securities market. (MRP/DoP/Cir- 20/2008)
- UN entities/multilateral agencies exempt from paying taxes/filing tax returns in In- dia.
- SIP of Mutual Funds up to Rs. 50, 000- p.a.
- In case of institutional clients, namely, FIIs, MFs, VCFs, FVCIs, Scheduled Commercial Banks, Multilateral and Bilateral Development Financial Institutions, State Industrial Development Corporations, Insurance Companies registered with IRDA and Public Financial Institution as defined under section 4A of the Companies Act, 1956, Custodians shall verify the PAN card details with the original PAN card and provide duly certified copies of such verified PAN details to the intermediary.

III. In case of non-individual additional documents to be obtained over andabove the POI and POA as mentioned below:

**CORPORATE/PARTNERSHIP FIRM/TRUST**

- Copy of the balance sheets for the last 2 financial years (to be submitted every year).
- Copy of latest share holding pattern, duly certified by the company secretary/ Whole time director/MD (to be submitted every year).

- Photograph, POI, POA, PAN and DIN numbers of whole time directors/two directors in charge of day to day operations and individual promoters holding control- either directly or indirectly.
- Copies of the Memorandum and Articles of Association and certificate of incorporation I Certificate of Registration (Trust and Partnership firm).
- Copy of Trust deed/ Partnership deed.
- Copy of the Board Resolution for investment in securities market.
- Authorized signatories list with specimen signatures.

#### **HUF**

- PAN of HUF.
- Deed of declaration of HUF/ List of coparceners.
- Bank pass-book/bank statement in the name of HUE Photograph, POI, POA, PAN of Karta.

#### **UNINCORPORATED ASSOCIATION OR A BODY OF INDIVIDUALS**

- Proof of Existence/Constitution document. Resolution of the managing body and Power of Attorney granted to transact business on its behalf.
- Authorized signatories list with specimen signatures.

#### **BANKS/INSTITUTIONAL INVESTORS**

- Copy of the constitution/registration or annual report/balance sheet for the last 2 financial years
- Authorized signatories list with specimen signatures.

#### **FOREIGN INSTITUTIONAL INVESTORS (FII)**

- Copy of SEBI registration certificate.
- Authorized signatories list with specimen signatures.

#### **ARMY/ GOVERNMENT BODIES**

- Self-certification on letterhead.
- Authorized signatories list with specimen signatures.

#### **REGISTERED SOCIETY**

- Copy of Registration Certificate under Societies Registration Act.

- List of Managing Committee members. Committee resolution for persons authorized to act as authorized signatories with specimen signatures.

- True copy of Society Rules and Bye Laws certified by the Chairman/Secretary

IV. In person verification is mandatory in all cases except the following cases:

- Individuals whose KRA is verified

- E-KYC service offered by UIDAI

V. No account is opened in a fictitious / benami name or on an anonymous basis.

VI. No account will be opened where appropriate Customer Due Diligence/KYC policies cannot be applied

VII. Do not accept clients with identity matching persons known to have criminal background

VIII. Be careful while accepting Clients of Special category (CSC). SEBI guidelines classify CSC as 'high risk' category clients that require a higher degree of due diligence and regular update of KYC profile.

An illustrative list of the various categories included in CSC is as follows:

- Non-resident clients

- High net worth clients

- Trusts, charities, NGOs and organizations receiving donations

- Companies having close family shareholdings or beneficial ownership

- Companies offering foreign exchange offerings

- Clients with dubious reputation as per public information sources, etc

- Non face-to-face clients

- Clients in high risk countries

- Politically Exposed Persons (PEP)

IX. Determine the category of the client on the following parameters:

- Category A – Low Risk Clients
  - Category B – Medium Risk Clients
  - Category C – High risk Clients
  - Category D --Special Clients
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- **Category A-** These are clients with low or nil risk. For e.g. Good corporates/HNIs having a Respectable social and financial standing.
  - **Category B** - Intra-day clients or speculative clients.
  - **Category C** -- Clients with suspicious background do not have any financial status, etc.
  - **Category D** – Non-resident clients, high net worth clients, trust, charities, NGOs and organizations receiving donations, companies having close family shareholdings or beneficial ownership, politically exposed persons (PEP) of foreign origin, companies offering foreign exchange offerings, clients in high risk countries, non-face to face clients, clients with dubious reputation as per public information available and any other clients as classified.

Note: As part of our PMLA and RMS Policy, we do not entertain any Politically Exposed Persons, their family members or close relatives as our clients.

Politically Exposed Persons (PEP) are individuals who are or have been entrusted with prominent public functions in a foreign country, e.g., Heads of States or of Governments, senior politicians, senior government/judicial/military officers, senior executives of state-owned corporations, important political party officials, etc.

X. Clients posing a higher risk of money laundering are required to undergo an Enhanced Due Diligence process, which typically means escalation to Level III due diligence requirements pursuant to the CDD Requirements.

Few Illustrative Scenarios where Enhanced Due Diligence are applied:

- ✓ For activation of Non-individual accounts, identification of beneficial owners is mandatory. In cases where multiple layers are to be verified for identification of UBO, the same is done before activation of the account.



Process - Collecting details like SHP, Management, Related Entities etc to identify the UBO in case of Non-Individual Accounts. In case of any, suspicion, background verification as mentioned above are conducted for these clients.

- ✓ In cases where surveillance alerts are generated by Exchanges, Depositories or our RMS, we obtain clarification from the clients along with relevant supporting depending upon the nature and type of alerts.

Process - Verify the details submitted by the client thoroughly and cross check the details with various documents obtained like source of income. If required, ask for any additional details like salary slips, etc. to satisfy yourself whenever there is a doubt.

### **General Guidelines**

- I. For scrutiny a background checks of the clients, websites such [www.watchoutinvestors.com](http://www.watchoutinvestors.com) should be referred. Also, information available on [www.sebi.gov.in](http://www.sebi.gov.in), [www.nseindia.co.in](http://www.nseindia.co.in) and RBI Defaulters Database available on [www.cibil.com](http://www.cibil.com) can be checked.
- II. Verify the forms submitted by the client thoroughly and cross check the details with various documents obtained like source of income. If required, ask for any additional details like salary slips, etc. to satisfy yourself whenever there is a doubt.
- III. Review the above details on-going basis to ensure that the transactions being conducted are consistent with our knowledge of customers, its business and risk profile, taking into account, where necessary, the customer's source of funds.
- IV. Few Sample Parameters being used for risk categorisation:
  - Customer's background, type of business relationship or transaction etc.
  - Client trading pattern and historical records, risk appetite of the clients base on its net-worth and financial position, Percentage of margin utilisation by clients etc.
  - Clients such as NRI, PEP or having exposure to foreign currency.
  - Clients residing in countries or regions which are not the Members of FATF or are classified as grey list countries or high risk jurisdiction

These are merely sample parameters and are modified from time to time as per the guidelines issued by various agencies like SEBI, FATF,RBI etc

#### XI. Implementation of UNSC Resolutions, UAPA orders, FCRA orders and FATF Public Statements

Our Company is very selective in accepting clients who are non-indian residents. In case we register such clients, Enhanced Due Diligence methods as specified above are followed. Our RMS Division keeps a track of UNSC Resolutions, UAPA orders, FCRA orders and FATF Public statements published from time to time. Any foreign national or entities proposed to be registered as our client firstly be evaluated on the basis of above guidelines from their respective websites. At present we do not have any clients falling under these parameters. However as per our policy all the applicable orders, resolutions, public statements will be verified before accepting any clients who are non-indian residents.

For this purpose, list of high risk jurisdiction and grey list countries are obtained from <http://www.fatf-gafi.org/>; Additionally, The list provided by different national / international agencies are taken into record by our RMS teams.

#### XII. Implementation of Sanction List Screening

Sanction Lists are verified from the respective websites. Whenever the new list is updated on respective websites, existing clients are tallied with such list. However, till date no such incidents have been observed.

On receipt of the updated list of individuals/ entities subject to UN sanction measures (hereinafter referred to as 'list of designated individuals/ entities) from the Ministry of External Affairs and forwarded by SEBI, the intermediary shall take the following steps:

- i) The company will maintain the updated designated list in electronic form and run a check on the given parameters on a regular basis to verify whether individuals or entities listed in the schedule to the Order (referred to as designated individuals/entities) are holding any funds,

financial assets or economic resources or related services held in the form of securities with them.

- ii) In the event, particulars of any customer/s match the particulars of designated individuals/entities, then the company shall immediately, not later than 24 hours from the time of finding out such customer, inform full particulars of the funds, financial assets or economic resources or related services held in the form of securities, held by such customer on their books to the Joint Secretary (IS.I), Ministry of Home Affairs, at Fax No.011-23092569 and also convey over telephone on 011-23092736. The particulars apart from being sent by post also necessarily be conveyed through e-mail at [jsis@nic.in](mailto:jsis@nic.in).
- iii) The company shall send the copy of the communication mentioned in point (ii) above to UAPA nodal officer of the state/UT where the account is held and Regulators and FIU-IND, as the case may be.
- iv) In case, the match of any of the customers with the particulars of designated individuals/entities is beyond doubt, the intermediaries regulated by SEBI would prevent designated persons from conducting financial transactions, under intimation to the Joint Secretary (IS.I), Ministry of Home Affairs, at Fax No.011-23092569 and also convey over telephone on 011- 23092736. The particulars apart from being sent by post should necessarily be conveyed on e-mail id: [jsis@nic.in](mailto:jsis@nic.in)
- v) The intermediary shall also file a Suspicious Transaction Report (STR) to FIU-IND in prescribed format covering all transactions as mentioned paragraph (ii) above.

**Implementation of requests received from foreign countries under U.N. Security Council Resolution 1373 of 2001.**

1. U.N. Security Council Resolution 1373 obligates countries to freeze without delay the funds or other assets of persons who commit, or attempt to commit, terrorist acts or participate in or facilitate the commission of terrorist acts of entities owned or controlled directly or indirectly by such persons; and of persons and entities acting on behalf of, or at the direction of such persons and entities, including funds or other assets derived or generated from property owned or controlled, directly or indirectly, by such persons and associated persons and entities. Each individual country has the authority to designate the persons and entities that should have their

funds or other assets frozen. Additionally, to ensure that effective cooperation is developed among countries, countries should examine and give effect to, if appropriate, the actions initiated under the freezing mechanisms of other countries.

2. To give effect to the requests of foreign countries under U.N. Security Council Resolution 1373, the Ministry of External Affairs shall examine the requests made by the foreign countries and forward it electronically, with their comments, to the UAPA nodal officer for IS-I Division for freezing of funds or other assets.
3. The UAPA nodal officer of IS-I Division of MHA, shall cause the request to be examined, within 5 working days, so as to satisfy itself that on the basis of applicable legal principles, the requested designation is supported by reasonable grounds, or a reasonable basis, to suspect or believe that the proposed designee is a terrorist, one who finances terrorism or a terrorist organization, and upon his satisfaction, request would be electronically forwarded to the nodal officers in Regulators, FIU-IND and to the nodal officers of the States/UTs. The proposed designee, as mentioned above would be treated as designated individuals/entities.

### XIII. Internal ML/TF Risk Assessment

Client Due Diligence is conducted at the time of registration of any new client and periodically thereafter. Clients ID proofs and financial details are the mandatory requirements for every client. In case on non-individual clients, identification of beneficial owner is mandatory. Regular financial updations are done for clients trading in derivative segment. Clarifications are sought from the clients for all kinds of alerts generated by the system.

In addition to the procedures mentioned in point 1, the company always ensures that the receipts and payments from clients are transacted only via banking and demat channels from the registered bank and demat accounts of the client. While registering any new bank or demat account for any client, it is ensured that the accounts belong to the same client. The accounts of clients are immediately blocked / freezed in case such directions are received from any judicial or quassi-judicial bodies. Additional due deligence are applied for any clients who are not residing within the territorial jurisdiction of India.

All clients are registered after conducting in-person and background verification. The lists provided by different agencies are taken into record by our RMS teams.

As per the policy of the Company, in case of requirement, the information pertaining to KYC, AML & CFT will be shared with FATF and other agencies in their group to the extent permitted by Law. The company follows the standard KYC procedure as prescribed by the Regulator. The company does not have any foreign branches and subsidiaries.

Registered intermediaries shall carry out risk assessment to identify, assess and take effective measures to mitigate its money laundering and terrorist financing risk with respect to its clients, countries or geographical areas, nature and volume of transactions, payment methods used by clients, etc. The risk assessment shall also take into account any country specific information that is circulated by the Government of India and SEBI from time to time, as well as, the updated list of individuals and entities who are subjected to sanction measures as required under the various United Nations' Security Council Resolutions and the updated sanctions List is available at –

- [http://www.un.org/sc/committees/1267/aq\\_sanctions\\_list.shtml](http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml)
- <http://www.un.org/sc/committees/1988/list.shtml>
- <https://www.un.org/sc/suborg/en/sanctions/un-sc-consolidated-list>
- <https://scsanctions.un.org/fop/fop?xml=htdocs/resources/xml/en/consolidated.xml&xslt=htdocs/resources/xsl/en/al-qaida-r.xsl>
- 1718/2270- (North Korea)  
<https://scsanctions.un.org/fop/fop?xml=htdocs/resources/xml/en/consolidated.xml&xslt=htdocs/resources/xsl/en/dprk.xsl>
- 2140-(Yemen)  
<https://scsanctions.un.org/fop/fop?xml=htdocs/resources/xml/en/consolidated.xml&xslt=htdocs/resources/xsl/en/yemen.xsl>
- 1988-(Taliban)  
<https://scsanctions.un.org/fop/fop?xml=htdocs/resources/xml/en/consolidated.xml&xslt=htdocs/resources/xsl/en/taliban.xsl>

## **2.2 Authenticity of the Client's account**

- I. The account shall be opened in the name of a genuine person or authorized person. The aforesaid person should not have a criminal background or should not be banned under any law.
- II. Verify bank statement and tax returns for individuals and financial statements for entities to determine the net worth of the client. Accordingly, determine the transaction limit regarding value/quantity, manner of operation of the account and the total threshold limit to be given.

In case of any suspicious account or suspicious trading, the same shall be reported to the appropriate authorities.

### **2.3 Periodic review**

- I. Conduct review of the information submitted by the client on quarterly or yearly basis depending on the category of the client.
- II. Keep proper check on the bank statement and tax returns of the client on a periodic basis.
- III. Monitor unusual large transactions which exceeds the threshold limit provided to the client.

### **3. APPOINTMENT OF PRINCIPAL OFFICER**

3.1 The Board of Directors has appointed Mr. Sunil Kumar Agarwal as Principal Officer of the company to put in place all procedures, monitoring & reporting responsibility under the PMLA.

3.2 Principal Officer must be responsible for identification and assessment of suspicious transactions and shall be able to report the same to the senior management.

3.3 Details of the Principal Officer or any changes thereof such as name, designation and address shall be intimated to the office of FIU immediately.

### **4. APPOINTMENT OF DESIGNATED DIRECTOR**

The Board of Directors has appointed Mr. Navin Agarwal, Director as designated director of the company to ensure overall compliance with the obligations imposed under the Act & PMLA rules.

### **5. MAINTENANCE AND PRESERVATION OF RECORDS**

Maintenance and Preservation of records are integral part of the PMLA policy. According to the act all records are to be preserved for a period of eight years, including records of information reported to Director, Financial intelligence Unit-India (FIU-UID). But for any ongoing case till the case is closed and settled. Further points have to be observed and complied with:

5.1 shall have proper systems to maintain and preserve the following information in respect of all the cash transactions and suspicious transactions:

- I. The nature of transactions;
- II. The amount of transaction and the dominated currency;
- III. The date of the transaction;
- IV. Parties to the transaction.

5.2 The records will be maintained as per requirement specified in SEBI Act 1992, PMLA, other Rules and Regulations of the Exchanges and the circulars issued.

5.3 To ensure that all the client and transaction records and information shall be available to the investigating authorities on timely basis.

5.4 The records will be maintained and preserved for a period of 8 years from the date of transactions between the clients and or for such period applicable as per the existing regulations. In case of cessation of transactions, records shall be maintained pertaining to the identity of the client for the period of 8 years from the cessation of transactions between client and organization, or for such period applicable as per the existing regulations.

5.5 In case of on-going investigation or transactions which have been suspected of suspicious transaction, such records shall be retained until the closure of the case.

## **6. EMPLOYEES' HIRING/ EMPLOYEES' TRAINING/ INVESTOR EDUCATION:**

### 6.1 Employees' hiring

- I. Proper screening procedures shall be in place while hiring employees.
- II. Organization must ensure that the employees taking up such key positions are skilled, proficient and have high integrity.
- III. Proper measures must be taken to check the previous employment details of the employee as well as his/her background.

## 6.2 Employees', Branch Officer and Authorised Person training

I. Organization must carry out periodic training programmer for the staff, Branch Officer and Authorised Person in Anti Money Laundering procedures and understand the rationale behind the directives, obligations and requirement.

The AML/CFT training Program should comprise four fundamental elements, as out-lined below:

- Customer Acceptance Policy
- Customer Identification Procedures
- Monitoring of Transactions & Reporting
- Risk Management

## 6.3 Investor Education

- I. Implementation of Anti Money Laundering procedures requires intermediaries to demand certain information from customer which may be of personal nature or which has hitherto never been called for. Therefore, the organization must explain the client about the requirements and the provisions of Anti Money Laundering.
- II. The fiduciary persons in the organization shall efficiently explain Regulatory requirements and benefits of adhering to the KYC guidelines and seek co-operation of the client.

## **7. REPORTING AND MONITORING OF SUSPICIOUS TRANSACTIONS**

7.1 Scrutinize unusually large transactions in the accounts of the clients.

7.2 If any trading activity is observed in the dormant account, the same is to be reported to the Principal Officer or any other designated officer.

7.3 Adequate measures should be taken to ensure that suspicious transactions are recognized and then reported.

7.4 Selection and examination of clients on certain criteria i.e. trading activity, nature of transaction, volume of transactions, etc., clients with huge and regular



losses shall be done in order to scrutinize the suspicious transactions. Identify the Sources of funds in such cases.

7.5 Study the nature of client and its transactions and scrutinize if any unusual change is observed in the transactions.

7.6 A particular transaction is suspicious or not, will depend upon the background of the client, details of the transactions and other facts and circumstances. Following is the list of circumstances which may be in the nature of suspicious transactions:

- I. Clients whose identity verification seems difficult;
- II. Asset management services for clients where the source of the funds is not clear;
- III. Clients in high-risk jurisdictions;
- IV. Substantial increases in business volume without apparent cause;
- V. Transfer of large sums of money to or from overseas location;
- VI. Transfer of investment proceeds to an unrelated third party;
- VII. Off shore transactions of the clients

7.7 Suspicious transactions reporting include not only 'transactions integrally connected' but also 'transactions remotely connected or related'.

7.8 Such suspicious transactions shall be immediately informed to the Principal Officer within the organization. A detailed report must be prepared with reference to the client, transactions and the reason of suspicion. In exceptional situations, the account and transactions shall be suspended or other action shall be taken.

7.9 Verify whether all payments and receipts have been undertaken through legal banking channels and there are no cash transactions

7.10 Check whether Net worth/financial details of the clients are periodically reviewed and updated in the records.

## **8. RISK MANAGEMENT**

### **8.1. Registration of Clients**

The first step of controlling risk is stated from KYC registration department. Hence a dedicated department is there to handle new account opening cases under the guidelines of senior executive and Directors. The decision to add new client is based on strong reference from existing clients or reference from Directors.

While opening the depository and trading account all the guidelines issued by the SEBI and the Exchange should be followed. The employees are advised not to entertain unknown person strictly.

### **8.2. Receiving, validating & entering the orders of clients in the trading platform**

Normally, the new clients shall be assigned and introduced to a specific terminal operator and the operator shall be briefed about client's requirements for trading, investments and his risk taking abilities. Accordingly the terminal operator shall, under instruction from the concerned senior official, allow the client to place the orders during the live market through written, oral or telephonic instructions. The Intermediaries, who are registered as terminal users with the exchanges, shall be allowed to operate the terminal and place the orders in the respective accounts and in the accounts of their clients on the basis of the risk profile of their clients and according to their written, oral or telephonic instructions. Order Logs are to be retained for all the orders placed by the clients.

As per the SEBI guideline each client id, user id and branch id is set with quantity, value limit and security wise limit for each order.

### **8.3. Collection and Release of Payments to clients**

The client is asked to make the full payment as per the daily debit obligation on T+1 basis. The pay-out of funds is made on T+2 basis after confirming the successful pay-in of securities by the client. The exchange/segment wise segregated ledger account is maintained with an option to view the all exchange/segment merged position. Under written authorization from the client, the pay-out of funds can be retained for margins and/or future pay-in obligation and for collection and release of funds the account shall be maintained on a running account basis with all exchange/segment net balance criteria. The inter exchange/segment Journal Entry shall be passed on once in a week or when required.

The accounts department is advised to keep a strong monitoring in collection of cheques from clients having debit balances. Collection and Payment of funds to any third party other than the one prescribed in KYC is strictly observed as per the policy.

#### **8.4. Collection and maintenance of Margins and Exposure Limit**

Margins collections are to be strictly done for all the trades executed by the clients on the Exchange Platforms. Such collection should be as per the forms, timelines and methodologies prescribed by the regulators, exchanges, depositaries, clearing corporations and other market intermediaries, from time to time. The member shall have complete liberty to dis-allow, liquidate and square-off the trades of the clients on account of margin shortfall. As per this policy, the broker is permissible to charge margins at the rates which are higher than the rates specified by the Exchanges and Clearing Corporation.

#### **8.5. Collection and delivery of Securities to the clients**

Collection of deliveries of securities from clients shall normally be called from the clients on T+1 basis. Where client has given POA, deliveries can be taken on T day itself. In case of delivery pay-in obligations of large quantity/value and/or illiquid scrip shall be called for prior to the execution of sell order or as early as possible after the execution of sell order and shall be tendered to the clearing house under early pay-in mechanism. Securities pay-in Overdue Obligation' statement shall be generated one day as well as one hour prior to the pay-in schedule and a reminder shall be given to the respective clients. Deliveries of securities to the clients shall be effected within 24 hours from the pay-out Client securities can be considered for margins only as per the procedures prescribed by the Regulator, Exchanges, Depositaries and Clearing Corporations from time to time.

#### **8.6. Banking Operations and Payment of Dividend etc**

All the bank accounts are reconciled on a regular basis by downloading the bank statements in electronic form from the websites of respective banks. The ECS credit of dividends shall be passed as per exchange rules at the time of bank Reconciliation through journal entry in the account of relevant clients. An instance of return of deposited cheques is intimated to the authorized person immediately for the necessary follow-up actions. The instances of return of issued cheques, if any is taken very seriously by the senior management and will investigate the reasons and take the required steps to avoid the recurrence of such instances in future.

#### **8.7. Monitoring of Branches / AP/DP Operations etc .**

Monitoring of Branches / AP shall be carried out centrally from head office. As our middle office and back office activities are centralized and in view of a very few Number of branches, there are no requirements to set up the separate monitoring mechanism at branch levels. In case of APs their day-to day trading operations and obligations shall be monitored on-line through surveillance desk and off line through daily risk, Management reports, and as per the rules,

regulations and bye laws of the Exchange.

### **8.8 Monitoring of alerts**

All the departments are advised to update the Compliance Officer/Senior managerial Personnel on regular basis about the deficiencies and developments to achieve the goal of risk management. The compliance Officer/ Senior managerial Personnel monitors all alerts on a daily basis which comes under NSE/BSE/MCX/SEBI/PMLA Rules and Guidelines and take such appropriate action as he deemed to be fit.

## **9. REPORTING TO FINANCIAL INTELLIGENCE UNIT-INDIA**

9.1 All suspicious and cash transactions shall be reported to the Director, Financial Intelligence Unit- India at the following address:

Director, FIU-IND

Financial Intelligence Unit-India 6th floor,

Hotel Samrat, ChanaKya puri,

New Delhi-110021

9.2 All the transactions shall be reported in the prescribed format within the timeline as specified below:

<b>Report</b>	<b>Description</b>	<b>Due Date</b>
CTR	All cash transactions of the value of more than rupees ten lakhs or its equivalent in foreign currency. All series of	15th day of the succeeding month

	cash transactions integrally connected to each other which have been valued below rupeesten lakhs or its equivalent in foreign currency where such series of transactions have taken place within a month.	
CCR	All cash transactions where forged or counterfeit currency notes or bank notes have been used a genuine or where any forgery of a valuable security or a documents has taken place facilitating the transaction.	
NTR	All transaction involving receipts by non -profit organizations of value more than Rs.10 lakhs or, its equivalent in foreign currency.	
CBWTR	All cross border wire transfers of the value of more than five lakh rupees or its equivalent in foreign in foreign currency where either the origin or destination of fund is in India.	
IPR	All purchase and sale by	15th day of the month

	any person of immovable property valued at fifty lakh rupees or more that is registered by the reporting entity*, as the case may be.	Succeeding the quarter.
STR	All suspicious transaction whether or not made in cash	Not later than seven working days on being satisfied that the transaction is suspicious

9.3 CTR/STR filing are confidential and shall be transmitted by speed/registered post/fax.

9.4 Principal Officer shall be responsible for timely submissions.

9.5 All reporting including nil reporting shall be made to FIU-IND.

#### **10. IMPLEMENTATION OF THIS POLICY**

Mr. Sunil Kumar Agarwal (Principal Officer) and Mr. Shailesh Kumar Gupta (Compliance officer) will be responsible for compliance of the provisions of the PMLA and AML Guidelines act as a central reference point and play an active role in identification & assessment of potentially suspicious transactions. They will ensure that the company discharges its legal obligation to report suspicious transactions to the concerned authorities.

#### **11. REVIEW OF POLICY**

The aforesaid AML policy shall be reviewed periodically with regard to testing its adequacy to meet the compliance requirements of PMLA 2002 and relevant circulars issued by Regulatory/ Statutory bodies.